

AR17



pl. file 10

**1965 ANNUAL REPORT
NORTH WEST LIFE
ASSURANCE COMPANY**



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Nort0970_1965



1965 ANNUAL REPORT

On behalf of the Company Directors, we are pleased to present to our Shareholders and Policyholders and to the Business Community the Annual Report of North West Life Assurance Company for the year ended December 31, 1965. As the following pages indicate, the past twelve months have been ones of consolidated growth and the future appears to be excellent.

Peter G. Ropchan, President

NORTH WEST LIFE ASSURANCE COMPANY

Head Office:

2184 West Broadway, Vancouver 9, Canada



*Einar M. Gunderson
F.C.A., Vancouver
Chairman of the Board
Executive Vice-President
and Director, The Pacific
Great Eastern Railway.*



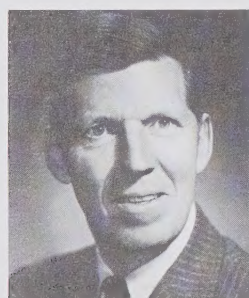
*Peter G. Ropchan
Vancouver, President*



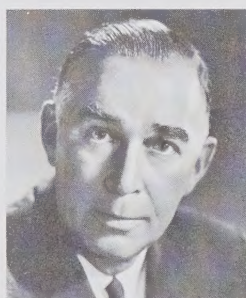
*Alvin Libin
Calgary, Vice-President
Vice-President, Domestic
Finance Co. Ltd.*



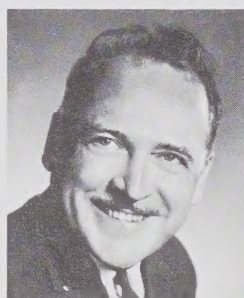
*D. R. Annett
Toronto, Vice-President
President, Annett & Co. Ltd.
and allied Companies*



*John G. Chaston
Vancouver
Secretary-Treasurer and
Director of Pemberton
Securities Ltd.*



*Clayton Delbridge
Vancouver
Chairman of the Board, The
Vancouver Sun*



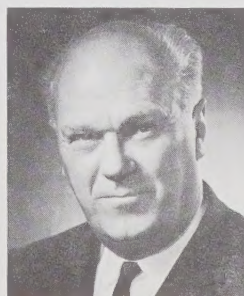
*E. A. Johnson, M.D.
Calgary
Head of the Johnson Eye
Clinic*



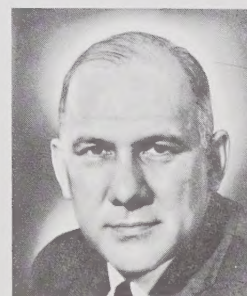
*Ralph J. Leonard
Lethbridge
President, Leonard Tire
Mart Ltd.*



*Harold McNamara
Toronto
President, McNamara
Corporation Ltd.*



*Capt. H. J. C. Terry
Vancouver
President, Northland Shipping
Co. Ltd.*



*John Wintermeyer, Q.C.
Toronto
Senior Partner, Wintermeyer
& Smith, Kitchener*

BOARD OF DIRECTORS

THE REPORT OF THE DIRECTORS

It is a privilege, on behalf of the Board, to review with you the operations of North West Life Assurance Company for the year 1965. The balance sheet as at December 31, 1965 and the revenue statement for the year 1965 are included as part of your Directors' report.

NEW BUSINESS

Due to emphasis being placed on the desirability of early profits by your company, plans for 1965 production of new business were to equal the previous year's production while reducing overhead. We are pleased to report that the 1964 production was exceeded and that overhead was considerably reduced. New business produced during the year 1965 amounted to \$20,916,083, bringing our business in force to \$55,815,985.

As new life insurance policies are written, reserves required by law, commissions, medical, investigative and agency expenses must be charged in

full against current income. These items typically aggregate substantially in excess of first year premiums. However, it is generally accepted that increased new insurance reflects a valuable asset to the Company even if it is not immediately reflected in its balance sheet.

As a consequence of the foregoing, the earnings of a Company which is writing an increasing volume of insurance are adversely affected by the excess of reserves and costs over first year premiums.

Your Board of Directors concluded that by maintaining production at a level rate rather than continuing to increase new business at a record pace, the Company could reasonably be expected to show a profit from operations during 1966.

ASSETS, LIABILITIES and SURPLUS

Company assets at the end of 1965 totalled \$2,457,718 which compares favourably with the previous year. Liabilities at December 31, 1965 were \$1,388,878 of which \$1,108,905 were policyholder reserves set aside to provide for future claims.

The Company held a number of debentures in Atlantic Acceptance Corporation Ltd. and, since their value cannot be determined at the present time, your Board agreed that it would be in the best interests of the Company to write down the value of these securities in the balance sheet.

THE REPORT OF THE DIRECTORS

—Continued

FOUR YEARS OF PROGRESS

North West Life has now completed its fourth full year under the present management and the growth pattern established during the first three years continued in 1965. Comparative figures found in the following pages show that your Company has come a long way since 1961. Suffice it to state here that over the four-year period business in force has risen 880%, from \$6,288,000 to \$55,815,985. In the same period, premium income has increased six times, from \$119,221 in 1961 to \$711,206 in 1965. The Company's total income reached \$842,486, compared to \$151,635 in 1961, and assets have risen from \$874,642 to \$2,457,718.

DEVELOPMENT POLICY

The growth of your Company has been based on a sound development policy. In 1961 we had only one branch office, located in Vancouver. At the end of 1965 there were six branch offices and five General Agencies in the major cities of British Columbia and Alberta.

Special emphasis was placed on the calibre of new agents recruited in 1965. This, together with

continued training programs for our established agents, resulted in a marked improvement in our Sales Personnel. Of particular interest and importance is the fact that new Branch Managers appointed in 1965 were promoted from the ranks of our own agency organization.

CHANGES IN DIRECTORS

The Directors record with regret the death of Mr. Grant McConachie who was elected as a Director of North West Life at the last annual meeting.

Mr. Carman King resigned as a Director during the year and Mr. John Chaston of West Vancouver was appointed by the Directors to be a member of your Company's Board as from September 13, 1965.

ACKNOWLEDGEMENT

In closing, I take pleasure in extending our gratitude to all those who have contributed to our achievements. On behalf of the Directors, I sincerely thank our shareholders for the confidence they show in their Company and its future. Thanks are also due to the field force who are responsible for the constant increase in our business. For our staff, both at Head Office and at our Branch Offices, we have high praise for their competence and devotion, so necessary to the success of the Company.

On behalf of the Board:



Peter G. Ropchan, President.

1961-1965 YEARS OF CONSOLIDATED GROWTH

SHOWING INCREASE OF
NORTH WEST LIFE
INSURANCE AND ANNUITIES
IN FORCE



COMPARATIVE HIGHLIGHTS

Showing the Company's growth since 1961

	1965	1961*
Insurance and Annuities in Force	\$55,815,985	\$ 6,288,000
New Insurance and Annuities	20,916,083	4,167,000
Assets	2,457,718	690,000
Liabilities	1,388,878	474,000
Surplus and Capital	1,068,840	216,000

*Adjusted to reflect change in the Capital Structure

IN MEMORIAM

Grant W. G. McConachie, a Director of North West life, died in Long Beach, California on the evening of June 29, 1965.

Mr. McConachie, born April 24, 1909, was President of Canadian Pacific Airlines. His career was a colorful one which had its beginning while he was still a student at the University of Alberta. At the age of 22, he became president of Independent Airways, leading a small group of pilots through the northern wilderness to carry supplies to remote outposts.

In 1942, Mr. McConachie joined Canadian Pacific Airlines and was appointed general manager of C.P.A.'s western lines. Five years later, he became President and under his leadership C.P.A. became one of the world's largest and most important airlines.

In the death of Grant McConachie, Canada and more particularly Western Canada suffered a great loss. His contribution to air transportation and to the growth of our national economy was outstanding.

STATEMENT OF REVENUE AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1965

(with comparative figures for the year ended December 31, 1964)

	1965	1964
REVENUE		
Premium income	711,207	506,661
Investment income	129,981	120,278
Sundry	1,270	1,360
	<u>842,458</u>	<u>628,299</u>
AMOUNTS PAID OUT OR SET ASIDE		
For policyholders or beneficiaries		
Death and disability claims, health and accident claims and annuity payments	110,213	120,040
Cash surrender values	24,108	16,690
Dividends to policyholders	14,251	5,057
Interest credited to amounts on deposit	8,047	8,573
Increase in policy reserves to provide for future claims	263,396	228,838
	<u>420,015</u>	<u>379,198</u>
Expenses		
General operating	245,757	234,161
Agency operating	152,778	228,992
Commissions	226,069	124,534
Taxes and licences	16,147	12,863
	<u>640,751</u>	<u>600,550</u>
Total amounts paid out or set aside	<u>1,060,766</u>	<u>979,748</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(218,308)</u>	<u>(351,449)</u>
SURPLUS AT DECEMBER 31, 1964	822,798	313,647
Add: Premium arising on sale of capital stock during the year	70,080	872,998
Less:		
Commissions paid in prior years		(12,398)
Atlantic Acceptance Corporation Limited — note written off — Note 4	(150,000)	
	<u>742,878</u>	<u>1,174,247</u>
SURPLUS AT DECEMBER 31, 1965	<u>\$ 524,570</u>	<u>\$ 822,798</u>

Reference is hereby made to the notes to financial statements which are an integral part thereof.

NORTH WEST LIFE BALANCE SHEET A

(with comparative figures)

ASSETS

	1965	1964
Debentures of or guaranteed by Federal Governments or the Provinces of Canada — <i>Note 1</i>	\$1,569,989	\$1,522,011
Municipal, public utility and miscellaneous bonds and debentures — <i>Note 1</i>	530,342	604,647
First mortgages on real estate	88,551	107,856
Loans on policies (<i>Secured by cash surrender values</i>)	72,722	54,691
Office furniture and equipment — <i>At cost less accumulated depreciation</i>	60,970	1,900
Cash on hand and in banks	48,043	54,325
Interest accrued but not yet due	25,015	25,107
Insurance and annuity premiums in course of collection	48,853	34,733
Miscellaneous accounts receivable	13,233	3,996
	<u>\$2,457,718</u>	<u>\$2,409,266</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1965

Note 1. The values at which debentures and bonds are shown are not in excess of amortized cost and in the aggregate do not exceed the values permitted by the regulations issued by the Association of Superintendents of Insurance of the Provinces of Canada.

Note 2. During the 1965 fiscal year the following changes in capital stock took place.

- a) The authorized capital of the company was increased to 500,000 shares of \$2.00 par value each.
- b) The Directors authorized the issuance of 20,000 shares at a price not less than \$15.00 per share and 8,000 share purchase warrants to be exercised on or before May 1, 1969 at a purchase price of \$18.25 per share. Subsequently 5,000 shares were issued for \$75,000 cash and 2,000 share purchase warrants were issued for \$200 cash.
- c) 635 shares were issued for cash under employee options at \$10.00 per share. Employee options were outstanding at December 31, 1965 with respect to 5,915 shares at \$10.00 per share exercisable up to September 30, 1969 and 2,100 shares at \$10.00 per share exercisable up to September 1,

1970. A further 1,200 shares at \$10.00 per share and 10,000 shares at \$18.25 per share are reserved for the granting of options to employees.

- d) Share purchase warrants outstanding at December 31, 1965 are exercisable on or before May 1, 1969 at a purchase price of \$18.25 per share.

Note 3. Subsequent to December 31, 1965 the Directors have approved the issuance of 270,885 rights to existing shareholders allowing the acquisition of one share at a purchase price of \$12.00 for every five rights held.

Note 4. The investment in Atlantic Acceptance Corporation Limited 634% junior subordinated notes in the amount of \$150,000 has been written off due to the fact that the value thereof cannot be determined at this time.

Note 5. Participation certificates issued by a predecessor company are outstanding in the amount of \$86,042. The company has the right, subject to the approval of the Superintendent of Insurance for British Columbia, to redeem any or all of such certificates, but is not under obligation to do so.

ASSURANCE COMPANY

AT DECEMBER 31, 1965

(or December 31, 1964)

LIABILITIES

	1965	1964
Policy reserves which with interest and future premiums are to provide for claims as they fall due	\$1,108,905	\$ 845,509
Other obligations to policyholders and beneficiaries		
Policy dividends left on deposit and premiums paid in advance	185,361	135,848
Policy claims awaiting proof	24,060	29,843
Other liabilities		
Sundry amounts due and accrued	70,552	42,468
Total liabilities to policyholders, beneficiaries and others	1,388,878	1,053,668
Capital stock — <i>Notes 2 and 3</i>		
<i>Authorized</i> — 500,000 shares of \$2.00 par value each		
<i>Issued</i> — 270,785 shares	541,570	530,300
— 27,000 share purchase warrants	2,700	2,500
Surplus, consisting of \$1,736,030 contributed surplus arising from the issue of shares at a premium, less accumulated operating losses	524,570	822,798
	<u>\$2,457,718</u>	<u>\$2,409,266</u>

Reference is hereby made to the notes to financial statements which are an integral part thereof.

Approved on behalf of the Board:

P. G. ROPCHAN, *Director*

ALVIN LIBIN, *Director*

AUDITORS' REPORT TO THE SHAREHOLDERS

NORTH WEST LIFE ASSURANCE COMPANY

We have examined the balance sheet of North West Life Assurance Company as at December 31, 1965 and the related statement of revenue and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances including the confirmation of bank balances and securities by certificates from the depositaries.

The policy reserves and other liabilities under policy contracts are stated at the amounts certified to by the company's actuary who is an officer of the company and have not otherwise been verified by us. Subject to this, we report that in our opinion, and according

to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of revenue and surplus read in conjunction with the notes thereto present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) TOUCHE, ROSS, BAILEY & SMART
Chartered Accountants

Vancouver, B.C., January 18, 1966.



STATEMENT OF THE PRESIDENT

The year 1965 marked an important stage in the growth and maturity of North West Life Assurance Company. Our efforts to consolidate our growth so that we could reasonably expect to register a profit from operations in 1966 have been successful. The Company is now benefiting from the renewal premium income on business written during the early part of our expansion period.

Another indication of your Company's growing maturity is the fact that for the first time we have been able to appoint Agency Managers from the ranks of our own agency organization. This is of particular significance because those who are promoted are already familiar with company procedures and require no orientation.

In addition to strengthening the Company's growth position, definite steps were taken to

permit North West Life to gradually expand its services eastward. In 1966, the Company will present a Bill to the House of Commons in Ottawa requesting a Federal Charter.

During 1965, we were saddened to lose Mr. Grant McConachie, President of Canadian Pacific Airlines, who was elected a director of the Company at our last annual meeting. Few men have contributed as much to their country as Mr. McConachie contributed to Canada. His death was a definite loss to North West Life. Another director, Mr. Carman King of Toronto, resigned from the Board. I would like to express my sincerest appreciation to Mr. King for his kind co-operation while he was a member of the Board.

Elected Chairman of the Board was Mr. Einar M. Gunderson, senior partner of Gunderson Stokes Walton & Co. Mr. Gunderson is Executive Vice-President and director of the Pacific Great Eastern Railway, Executive Director of the British Columbia Hydro and Power Authority and a Governor of the University of British Columbia.

Mr. John Chaston was appointed to the Board of Directors on September 13. A resident of West Vancouver, Mr. Chaston is Secretary-Treasurer and Manager of the Underwriting Department and a Director of Pemberton Securities Limited. He is also a Director of Columbia Natural Gas Limited, Western Acceptance Corporation Limited and Western Glass Company Limited.

I am genuinely grateful to the Board of Directors, to our Company personnel, shareholders and policyholders for their generous efforts in making the last four years eminently successful for North West Life. I believe that we all agree that the most difficult years are now in the past and that the future of our Company appears very auspicious.

Respectfully submitted

Peter G. Ropchan, President

OFFICERS

*Einar M. Gunderson, F.C.A.
Chairman of the Board*

*Peter G. Ropchan
President*

*Alvin Libin
Vice-President*

*D. R. Annett, B.Comm., M.S., Ph.D.
Vice-President*

*A. W. Putz, C.G.A.
Secretary-Treasurer*

*J. B. Watson
Assistant Secretary*

*D. R. Francis, B.Sc., A.S.A.
Actuary and Asst. General Manager*

*A. C. B. Singleton, M.D., D.T.M.&H., D.P.H.
Medical Director*

*P. J. Streukens
Director of Sales & Agency Development*

*E. R. Aird
Agency Secretary*



In 1961, North West Life had one branch office. At the end of 1965 there were six branch offices, and five general agencies appointed. Steps have also been taken to expand the Company's operations into Ontario and Quebec.

BRANCH OFFICES

VANCOUVER

*D. Hugonin, Manager
1033 Davie Street
Vancouver 5, B.C.*

CALGARY

*Ken Slobod, Manager
615 - 5th Street South West
Calgary, Alta.*

EDMONTON

*Les. R. Johnson, Manager
9950 - 107th Street
Edmonton, Alta.*

RED DEER

*Dan Nikiforuk, Manager
4411 Gaetz Avenue
Red Deer, Alta.*

LETHBRIDGE

*Syd Holberton, Manager
1240 - 3rd Avenue South
Lethbridge, Alta.*

VICTORIA

*Jack W. Adams, Manager
1061 Fort Street
Victoria, B.C.*

GENERAL AGENCIES

OAKRIDGE INSURANCE AGENCIES LTD.

*B. B. Simmons, Manager
5504 Cambie Street
Vancouver 10, B.C.*

THIBAUDEAU AGENCIES LTD.

*Tony Thibaudau, C.L.U., Manager
10168 - 102nd Street
Edmonton, Alta.*

BLACK GAVIN & CO. LTD.

*Harold Gavin, Manager
533 West Pender Street
Vancouver 2, B.C.*

ROGER J. WEST AGENCIES LTD.

*Roger J. West, Manager
509 Richards Street
Vancouver 2, B.C.*

BILL CON AGENCIES

*Bill Con, Manager
103 East Pender Street
Vancouver 4, B.C.*

